

Indiana Department of Insurance

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PRESS RELEASE

For Immediate Release: August 9, 2007

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STATE SEEKS SHUT DOWN OF LOCALLY BASED HEALTH INSURER

Insurance Commissioner appointed Receiver for Benicorp Insurance Company

Indianapolis -- Jim Atterholt, Commissioner of the Indiana Department of Insurance (IDOI), took action today to protect the 52,000 policyholders of Benicorp Insurance Company. Appearing in Marion County Circuit Court, representatives of the IDOI asked the Honorable Theodore Sosin to approve an Order of Rehabilitation against Benicorp and to appoint Atterholt Receiver of the company. The judge approved the Order and the appointment.

"Throughout the last five months, I have worked diligently with Benicorp, attempting to bring its business into compliance with industry standards," said Atterholt. "Despite all our efforts, including five orders directing Benicorp to correct its business practices and successfully requiring its parent company to infuse nearly \$14 million into the company, it became clear the company could not be saved.

"The Court's order today allows us to protect Hoosiers policyholders, as well as policyholders in 27 other states. Our goal is to provide them with an option to transfer their coverage from Benicorp to UnitedHealthcare, a well-respected, well-known and financially sound insurer. This well-planned transfer should provide peace-of-mind to Benicorp policyholders, as well as to the healthcare providers that serve them."

As part of the Order of Rehabilitation, Judge Sosin approved a plan submitted by Atterholt that provides existing policyholders the option to transfer their coverage to UnitedHealthcare on an expedited, yet orderly, basis.

"My number one goal throughout this process has been to minimize the impact that policyholders may bear and provide them with a viable option for future coverage," Atterholt said. "I am very pleased to be able to inform policyholders that UnitedHealthcare has agreed to provide each and every policyholder of Benicorp with an opportunity for coverage."

"UnitedHealthcare has been selected for Benicorp's members because of its robust local and national networks of hospitals and doctors and their ability to serve Benicorp's members in all 28 states," said Atterholt. "The similarity in benefits packages also makes this less disruptive for employers and members who can be immediately enrolled with UnitedHealthcare health benefits if they so choose. We are confident that UnitedHealthcare's track record of providing individuals with quality and affordable health care solutions, as well as the additional benefits of their wellness and disease management programs, can be a welcome resolution to this unfortunate situation."

"Right now, our goal at UnitedHealthcare is to assure Benicorp's members and customers have a smooth transition to our health insurance plans," said Dan Krajnovich, CEO, UnitedHealthcare of Indiana. "UnitedHealthcare has a national network of physicians and hospitals and is prepared to provide Benicorp members with access to quality affordable care in any state without any lapse in coverage. We welcome these new members into the United family."

For scores of Hoosiers, this announcement also affects their careers. Commissioner Atterholt has been working with UnitedHealthcare, which owns and is co-located with Golden Rule Insurance, to do all he can to help Benicorp employees.

"UnitedHealthcare/Golden Rule has a sizeable number of job openings," explained Atterholt, "and its headquarters are located just a few blocks from Benicorp. United will be working with the IDOI

and the Special Deputy to give Benicorp employees every appropriate consideration for these open positions.”

Atterholt expects to file a Petition of Liquidation with the Court next week and, therefore, has consulted with the Indiana Life and Health Insurance Guaranty Association and the National Organization of Life and Health Insurance Guaranty Associations, which help to provide coverage in cases of insolvencies. Should an Order of Liquidation be entered, Atterholt will continue working closely with both organizations to address and resolve the pre-existing claims of policyholders, subject to the statutory caps and limitations of guaranty-fund coverage.

The statutory cap on payments by the Indiana Life and Health Insurance Guaranty Association is \$300,000 per individual. The caps for the other states vary from \$100,000 to \$500,000. (For more information generally about life & health guaranty associations, and for links to each of the individual associations, go to: www.NOLHGA.com.)

The guaranty associations will be responsible for payment of all covered unpaid claims at the time of liquidation, subject to their individual statutory limits. Payment of covered claims will continue after liquidation, but some temporary delays in payments may occur during the transition period. The associations also will continue coverage in force on covered policies for any policyholder who has not elected to transfer to UnitedHealthcare or some other insurer, or otherwise terminated coverage, prior to the liquidation date. However, it is expected that the guaranty associations will seek to cancel this coverage as soon as legally possible following the order of liquidation.

Atterholt has tapped Randy Lamberjack, President of Noble Consulting Services Inc., to serve as Special Deputy, overseeing the current rehabilitation process and the expected liquidation proceedings. Lamberjack has over 23 years combined experience insurance regulation, finance and corporate restructuring and has been reporting to the IDOI on direct issues involving the company for some time. Previously he served as Chief Examiner for the Department of Insurance under former Governor Evan Bayh.

“I have great trust in Randy’s ability to lead the State’s efforts to complete this process,” Atterholt said. “I am grateful he has agreed to serve as Special Deputy.”

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About Benicorp Insurance Company

Policyholders and healthcare providers can contact Benicorp Customer Service at 317-290-1205 or 800-438-4002.

Benicorp was founded in Indianapolis in 1987. It provides insurance products to approximately 52,000 policyholders in various states, with the majority of its business in Arkansas, Georgia, Indiana, Iowa, Kansas, Missouri, Nebraska, Nevada, Ohio, Tennessee. It was acquired in 2005 by McKee Heritage Holding Corporation (Arlington Heights, Ill.).

About the Indiana Department of Insurance

The Indiana Department of Insurance (www.in.gov/idoi) is primarily responsible for enforcing Indiana’s insurance laws to ensure that Indiana’s insurance consumers are treated fairly. Its mission is to protect Indiana’s insurance consumers by monitoring and regulating the financial and market conduct activities of insurance companies and agents; and to oversee the administration of the dedicated funds entrusted to the Department by the Indiana General Assembly. Indiana is home to 194 insurance companies, with an additional 1,772 companies licensed to operate in Indiana. More than 60,000 Hoosiers are employed in the insurance industry.

About Commissioner Jim Atterholt

Media representatives may contact Commissioner Atterholt at 317-232-3520.

Jim Atterholt was appointed acting Commissioner of Insurance on January 10, 2005 and Commissioner of Insurance on February 22, 2005 by Governor Mitch Daniels. He has focused on improving consumer protection and enforcement, customer service, eliminating the backlog of property and casualty filings, getting new products to market, growing the number of insurance jobs for Hoosier workers and maintaining a reputation of excellence. Previously he served as the director of state government affairs for AT&T Indiana (2002-05). Atterholt served for two terms as a state representative (House District 86) from 1998 to 2002. He also served as Chief of Staff in Washington and later as District Director in Indiana for a member of the United States Congress from 1986 to 2002. Jim currently serves as a member of the U.S. Commission on Civil Rights-

Indiana Advisory Commission and as a member of the board of directors of the Saint Florian Center for At-Risk Children. He received his bachelor's degree from the University of Wisconsin in 1986.

About Randy Lamberjack

Media representatives may contact Randy Lamberjack at 317-290-1205.

Formerly the Chief Examiner/Deputy Commissioner of Indiana under former Governor Evan Bayh, Randy Lamberjack served five years as Special Deputy for the Indiana Department of Insurance. As Special Deputy, his responsibilities included overseeing troubled companies, managing examinations, and serving as examiner in charge of independent CPA engagements. In 1997, he founded Noble Consulting Services as an effort to meet the continuing needs of examination services for the IDOI and other state departments. He is a graduate of Ball State University. He has been a Certified Financial Examiner (CFE) since 1990 and a Certified Public Accountant (CPA) since 1986.

About UnitedHealthcare

Media representatives may contact Dan Krainovich, President and CEO, at 317-405-3873.

UnitedHealthcare (www.unitedhealthcare.com) provides a full spectrum of consumer-oriented health benefit plans and services. The company organizes access to quality, affordable health care services on behalf of more than 26 million individual consumers, contracting directly with more than 537,000 physicians and care professionals and 4,700 hospitals nationwide to offer them broad, convenient access to services nationwide. UnitedHealthcare is one of the businesses of UnitedHealth Group (NYSE: UNH), a diversified Fortune 50 health and well-being company.

About the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA)

NOLHGA (www.nolhga.com) is a voluntary association made up of the life and health insurance guaranty associations of all 50 states, the District of Columbia, and Puerto Rico. Since its creation in 1983, NOLHGA has assisted in guaranteeing more than \$20.2 billion in coverage benefits for more than two million policyholders in more than 60 multi-state insolvencies. Janis Funk, executive director of the Indiana Life and Health Insurance Guaranty Association, is a member of the NOLHGA Board of Directors.

TIMELINE

November 17, 2006	Benicorp's 3 rd quarter filing reports a loss of \$98,856 and a reduction in surplus from \$19,454,079 to \$18,573,471.
December 12, 2006	Commissioner Atterholt appoints Noble Consulting Services to conduct an examination of Benicorp.
March 1, 2007	Benicorp requests 90-day extension to file year-end financial report. The Department grants a 30-day extension, until March 30.
March 6, 2007	Benicorp reveals substantial losses in 2006 due to claim processing issues.
March 14, 2007	Benicorp reveals significant overpayment to health care providers. Company blames errors in its claim processing system. Benicorp's parent, McKee Heritage Holding Corporation (MHHC), commits to financially support the company.
March 15, 2007	Commissioner Atterholt issues an Order to Correct Business Practices. Order includes: \$4 million contribution from MHHC, monthly financial reports, restrictions on certain transactions without prior consent of IDOI.
March 20, 2007	MHHC makes \$4 million capital contribution to Benicorp.
March 23, 2007	Commissioner Atterholt issues Amendment to Order to Correct Business Practices.
March 30, 2007	MHHC makes an additional capital contribution of nearly \$2 million to Benicorp. Benicorp files its 2006 financial reports: company lost \$9 million, however, its' reported surplus was healthy: \$13,721,602.
April 6, 2007	Commissioner Atterholt issues Amended and Clarified Order to Correct Business Practices. Order includes: further restrictions on transactions without prior consent of IDOI, summary of future payments to affiliates.
May 31, 2007	Benicorp files financial report. From January through April, the company reports a loss of almost \$2.5 million.
June 1, 2007	In consultation with Benicorp, its auditors and its actuary, the Department identifies a \$5.5 million error in Benicorp's recent financial filings.
June 5, 2007	Commissioner Atterholt issues an Order of Supervision and Further Order to Correct Business Practices. Order requires an \$8 million contribution from MHHC, appoints Connie Ridinger (Chief Examiner of the Department) Supervisor of Benicorp and requires 2006 audit report to be filed no later than June 15.
June 13, 2007	MHHC makes \$8 million capital contribution to Benicorp.
June 21, 2007	BKD reports it is unable to complete audit. Additional adjustments to financial reports are identified by the Department which negatively impact the company's surplus.
June 28, 2007	Commissioner Atterholt issues Supplement to Order of Supervision and Further Order to Correct Business Practices. Benicorp is ordered to cease writing new business as of July 3, 2007.
July 9, 2007	Benicorp reports May-July financials. It has a negative surplus of at least \$2.5 million.
July 16, 2007	Circuit Court issues Confidential Seizure Order in response to Petition filed by the Commissioner.
August 9, 2007	Court enters Order of Rehabilitation and approval of UHC transition plan, consistent with Petition filed by the Commissioner.